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FISCAL IMPACT REPORT

ORIGINAL DATE 1/24/06

SPONSOR Campos LAST UPDATED _____ HB 109

SHORT TITLE Military Acquisition Program Gross Receipts SB _____

ANALYST Francis

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	NFI		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
Taxation and Revenue Department (TRD)

Responses Received From
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 109 extends the repeal date for the gross receipts tax (GRT) deduction for transformational acquisition programs performing research and development, test and evaluation at New Mexico major range and test facility bases until 2016. The expiration date in current law is 2008.

FISCAL IMPLICATIONS

The fiscal impact of HB 109 is zero. According to TRD, there is no activity eligible for the deduction occurring in the state at this time. There may be activity in the future due to the extension of the sunset date.

SIGNIFICANT ISSUES

While there has not been significant deductions so far, there may be new missions coming to Cannon Air Force Base and Holloman Air Force Base in the next few years that will be eligible for the deduction.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The deduction will automatically be repealed even as a new qualifying mission comes to one of the bases. This could be an issue in any mission site selection process.

NF/yr